

*1/2/46
Pis*

29 April 1946

MEMORANDUM

TO: The Director

FROM: General Counsel

SUBJECT: Legislative Hearings for Atomic Energy Commission

1. We believe legislation now pending for establishment of the Atomic Energy Commission considers problems closely related to our own, and are indicative of what units of this sort may face in their relations to other branches of the Government. This is particularly true of the appropriations sections recommended, rejected or advised during the Atomic Hearings. We have not been able to obtain transcripts as yet of all the hearings, but have copies of the Senate Report and the original and revised Senate drafts as reported to the Floor. Also, we are maintaining contact with the officer in the Legislative and Liaison Division who is following this matter.

2. Briefly, so far as this pertains to Special Funds problems, the history is as follows. The original House Bill contained language approximately as follows (the exact text is being obtained): "The General Accounting Office, in reviewing administrative expenditures, will not disallow any expenditures which the Commission certifies to as necessary to the carrying out of its operations". It will be noted that this is in one respect broader than our Special Funds language, as it does not limit the amount or type of expenditure, but it is narrower in that some report must in all cases be made to the GAO. This provision was questioned in a hearing, and the War Department's opinion asked. General Groves stated that his arrangements with

The Director

-2-

20 April 1946

the Comptroller General had been satisfactory, and no such sweeping provision was necessary. All such language was consequently dropped by the House. The Senate, however, apparently reinstated the above-quoted sentence in toto in its original draft. Senator Byrd took immediate exception, and requested testimony from the Comptroller General, Mr. Lindsay Warren. Mr. Warren is reported to have let loose a blast at blanket exceptions from GAO reviews and disallowances. We hope to obtain the text of this testimony, as it is believed to suggest Mr. Warren's personal and official views towards unvouchered funds in peace-time. Subsequently, Mr. Warren and General Groves both appeared and, after reportedly amicable discussion, the above-quoted phrase again was dropped. The next Senate Bill had no provision for unvouchered funds.

4. However, after further discussion with Mr. Warren, the Bill provides in Section 18(a) as follows:

"There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act. The Acts appropriating such sums may appropriate specified portions thereof to be accounted for upon the certification of the Commission only."

It goes on to extend the availability of appropriations for four years after the fiscal year for which appropriated. The above provision seems to contemplate appropriation language very much like our own. Naturally, however, the proportions of unvouchered funds would have to be justified in the Budget Hearings. In view of the attitude taken by such officers as Mr. Byrd and Mr. Warren, each justification will be reviewed with a most critical eye.

5. At your convenience, I should like to discuss some of the questions involved and to suggest that each recommendation involving Special Funds be considered from the point of view that the justification for future use is fully as important as the expediency of current operations.

LAWRENCE W. HOUSTON
General Counsel

LRH/ml1